



FOR CLERK USE ONLY

City Council

Item No. 10

CITY COUNCIL AGENDA FACT SHEET

Finance
DepartmentApril 20, 2010
Requested Date**1. Request:**

Council Approval

☒Information Only/
Presentation☐

Other (specify)

☐

Hearing

☐**2. Requested Action:**

Authorize the City Manager to enter into a contractual agreement with Rabobank to provide General Account and Payroll Banking Services at an approximate fee of \$1,628 per month for a period of (5) years with an option to renew for an additional (3) years, beginning the transition May 1, 2010.

3. Fiscal Impact:

Revenue:

Increase

☐

Source: _____

Decrease

☐

Amount: _____

Cost:

Increase

☐

Source: _____

Decrease

☐

Amount: _____

Does Not Apply ☒**4. Reviewed By:**Finance Dept. on 4/12/2010

Comments: _____

By: 

City Attorney on _____

Comments: _____

By: _____

Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., 2 Fridays before the scheduled meeting date.

CLERK USE ONLY

CITY COUNCIL DATE:

April 20, 2010

Action

☐

Filing

☐

Consent

☐

Presentation

☐

Hearing

☐

Other(specify)

☐

Reviewed by: City Clerk _____

City Manager _____

Date _____

Date _____

CITY COUNCIL AGENDA REPORT

SUBJECT: General Account and Payroll Banking Services Agreement

AGENDA DATE: April 20, 2010

PREPARED BY: Judith Hashem, Finance Director

APPROVED BY: Victor M. Carrillo, City Manager

RECOMMENDATION:

The City Council is requested to take the following action:

Authorize the City Manager to enter into a contractual agreement with Rabobank to provide general account and payroll banking services at an approximate fee of \$1,628 per month for a period of 5 years with an option to renew for an additional 3 years, beginning the transition May 1, 2010, until complete.

FISCAL IMPACT:

The Investment Committee has come to an agreement, that if approved by City Council will provide general account and payroll banking services to the City at an approximate cost of \$1,628 per month for a period of 5 years, with an option to renew for an additional 3 years. The cost is approximate and based on an average estimate of transactions that could either go up or down according to our daily activity.

BACKGROUND:

The City has maintained banking relationships with Bank of America for payroll and Wells Fargo (formerly First Interstate and other banks at the same location) for approximately 40 years. Over the past 2 years, the City has determined it would be beneficial to advertise for "request for proposals" for the purpose of combining the 2 accounts the City presently holds into one bank and to ascertain, whether or not there might be other banks that would express an interest in providing these services. As a result, we received 2 responses to our RFP, one from Wells Fargo our current provider, and one from Rabobank.

After review by the Investment Committee (Victor Carrillo, City Manager, Rodolfo Moreno, City Treasurer, and staff members Julia Osuna, Eduardo Gutierrez, and Judith Hashem), the Committee held a meeting on March 18, 2010 to discuss and provide their recommendation. After evaluation by the Committee it was determined that both banks sufficiently met the requirements of the "request for proposal" (Rodolfo Moreno, City Treasurer was absent from the meeting). A unanimous vote was taken to recommend the contract be awarded to Rabobank based on the City's desire for a more personal banking service, to enhance and expand the banking services presently utilized by the City, acknowledge the investment and commitment made by Rabobank to Callexico, and to have a close and supportive relationship that responds to our immediate needs.

The fees quoted by each bank for each single item varies, but the total fees quoted by Wells Fargo are \$1,128 and for Rabobank \$1,628 or a difference of approximately \$500. The fee for services is affected by the City's daily bank balance and therefore, will not be exactly the same each month. Some of the fees quoted by Rabobank are more per line item while other fees quoted by Wells Fargo are higher. The Committee determined that in this case, the fee should not be the sole determinant of contract. Bank of America and Wells Fargo have served the City adequately, but we are looking for a more progressive and personal banking service than has been provided over the past several years.

Attached are the minutes of the Investment Committee Meeting of March 18, 2010 for reference.

**CITY OF CALEXICO
INVESTMENT COMMITTEE MEETING
MARCH 18, 2010**

Committee Members in Attendance:

Victor M. Carrillo, City Manager
Judith Hashem, Finance Director
Julia Osuna, Economic Specialist
Eduardo Gutierrez, Finance Manager

Committee Members Absent:

Rodolfo Moreno, City Treasurer

Investment reports were provided to the Committee for the Local Agency Investment Fund (LAIF), Certificate of Deposit (CD), and Notes with Federal Farm Credit Bank as of February 28, 2010. The Committee determined a review of the Investment Policy would be prudent to make sure we are within the parameters set by the City Council.

The Committee discussed the RFP for banking services and determined the following:

**CITY OF CALEXICO
REQUEST FOR PROPOSALS ANALYSIS
BANKING SERVICES
March 18, 2010**

Item No.	Item	Wells Fargo Bank	Rabobank
1	Main bank contact	Bertha Fletes local support, Lynn Love (not local) primary point of contact.	Libby Paraza, day-to-day local contact.
2	Pay station services	E-box solution, not previously offered approximately a year ago when seeking information from Wells Fargo.	Offered to work out a plan with City on last visit and in RFP.
3	Special services	1-Day advance notice required to change coins & bills.	1-Hour advance notice to change coins and bills.
4	Personalize attention	Rare.	Local meetings with City for past (2) years on service offerings; Rabobank focuses on municipal accounts.

5	Bank Profile	One of most highly capitalized and well-managed banks; Provide mortgage loans insurance, investments, consumer finance, and banking services.	One of 25 largest banks in world, provides commercial, retail and agricultural finance solutions.
6	Community Reinvestment Act (CRA)–Local support	Bank culture stresses good corporate citizen; Wells Fargo foundation contributes locally; inkind gifts;	Local funding to organizations; employee involvement through leadership roles in community; support of community events.
7	Employee Benefits	Direct deposit; 2 free ATM cash withdrawal transactions; free bill pay.	Free checking with direct deposit; unlimited check writing; free online banking with bill pay; .25% discount on consumer loans with auto pay; all employee checks can be cashed at Rabobank without an account.
8	Fee Structure	5-year fixed price commitment with option to renew annually.	3-year pricing level will be maintained.
9	Fees	\$ 1,128.42	\$1,628.48
10	References	No local references.	All local references.
11	Earnings credit rate	Based on 91-day T-Bill Auction Rate, discount basis, for prior mo.	Not tied to index, set at discretion of Bank, as of 2/2/2010 = 0.80%

The Investment Committee unanimously recommended the contract for banking services be awarded to Rabobank based on the local presence of the bank and their officers, their commitment to community involvement in Calexico, and their ability to provide the required and enhanced services.

No further business was discussed.